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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/870,325	05/30/2001	David L. Cleary Neubert	6208-019	7702
27383	7590	10/20/2005		
CLIFFORD CHANCE US LLP 31 WEST 52ND STREET NEW YORK, NY 10019-6131			EXAMINER HARBECK, TIMOTHY M	
			ART UNIT	PAPER NUMBER
			3628	
DATE MAILED: 10/20/2005				

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/870,325

Applicant(s)

CLEARY NEUBERT ET AL.

Examiner

Timothy M. Harbeck

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 30 May 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-36 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-36 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 30 May 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date 2/07/2003, 3/10/2003, 2/17/2005
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

### DETAILED ACTION

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Claims 1-5, 8, 10 and 11 are rejected under 35 U.S.C. 102(e) as being anticipated by Magill et al (hereinafter Magill, US 2004/0143542 A1).

**Re Claim 1:** Magill discloses a system and method for interactive electronic open order book for securities transactions comprising the steps of:

- Identifying an NBBO price range (paragraph 0085; nationally disseminated best bid/ask);
- Determining if said buy order price and said sell order price are within said NBBO range (paragraph 0085);
- Determining if said buy order price is not less than said sell order price;
- Calculating a midpoint between said buy order price and said sell order price (paragraph 0085) and;
- Matching said buy order and said sell order at said midpoint if said buy order is not less than said sell order price and said buy order price and said sell order price are within said NBBO range (paragraph 0085).

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**Re Claim 2:** Magill discloses the claimed method supra and further discloses wherein said NBBO range includes a best offer price, said buy order price is not within said NBBO and said sell order price is within said NBBO range, said method further comprising the steps of;

- Changing said buy order price to a changed buy order price that is equal to said best offer price (paragraph 0085; last sentence)
- Calculating a midpoint between said changed buy order price and said sell order price (paragraph 0085; first sentence) and;
- Matching said buy order and said sell order at said midpoint if said changed buy order price is not less than said sell order price (paragraph 0085).

**Re Claim 3:** Magill discloses the claimed method supra and further discloses wherein said NBBO range includes a best order price, said sell order price is not within said NBBO and said buy order price is within said NBBO range, said method further comprising the steps of

- Changing said sell order price to a changed sell order price that is equal to said best bid price (paragraph 0085; last sentence)
- Calculating a midpoint between said changed sell order price and said buy order price (paragraph 0085; first sentence) and;
- Matching said buy order and said sell order at said midpoint if said buy order price is not less than said changed sell order price (paragraph 0085).

**Re Claim 4:** Magill discloses the claimed method supra and further discloses wherein said NBBO range includes a best bid price and a best offer price and said buy order price and said sell order price is not within said NBBO range, said method further comprising the steps of

- Changing said buy order price to a changed buy order price that is equal to said best offer price (paragraph 0085; last sentence)
- Changing said sell order price to a changed sell order price that is equal to said best bid price (paragraph 0085; last sentence)
- Calculating a midpoint between said changed buy order price and said changed sell order price (paragraph 0085; first sentence) and;
- Matching said buy order and said sell order at said midpoint

**Re Claim 5:** Magill discloses the claimed method supra and further discloses wherein said buy order is for a first share amount and said sell order is for a second share amount and wherein the step of matching said buy order and said sell order includes the steps of:

- Matching said buy order and said sell order up to said first share amount if said first share amount is less than said second share amount
- Matching said buy order and said sell order up to said second share amount if said second share amount is less than said first share amount (Page 5, paragraph 0069; partial “fills”).

**Re Claim 8:** Magill discloses the claimed method supra and further discloses the step wherein said buy order is selected from a plurality of buy orders each having

a buy order price and wherein said buy order price of said selected buy order is greater than said buy order price of any other of said plurality of buy orders.

Magill discloses that the “preferred embodiment employs an order matching algorithm designed to seek the best mutual matching price (Page 6, paragraph 0085).” Seeking the highest buy order price from a list of buy orders would be the best price for the seller and would therefore fulfill the objective of the invention.

**Re Claim 10:** Magill discloses the claimed method supra and further discloses the step wherein said buy order is an agency order having an order time and further comprising the step of; selecting said buy order ahead of a second buy order having a second buy order price equal to said buy order price of said buy order, wherein said second buy order is an agency order having a second order time and wherein said order time is prior to said second order time (page 3, paragraph 0031; note paragraph 0031 begins on page 2).

**Re Claim 11:** Magill discloses the claimed method supra and further discloses the step wherein said buy order is a proprietary order having an order time and further comprising the step of selecting said buy order ahead of a second buy order price equal to said buy order price of said buy order, wherein said second buy order is a proprietary order having a second order time and wherein said order time is prior to said second order time (page 3, paragraph 0031; note paragraph 0031 begins on page 2).

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 6, 7 and 9 are rejected under 35 U.S.C. 103(a) as being unpatentable over Magill.

**Re Claim 6:** Magill discloses the claimed method 1 supra and while Magill does not explicitly further disclose the step comprising a second buy order having a second buy order price above said midpoint and less than said buy order price, wherein the step of matching said buy order and said sell order includes the steps of: calculating a cross point equal to said second buy order price plus an increment and matching said buy order and said sell order at said cross point, this step would have been obvious to anyone skilled in the ordinary art at the time of invention.

Magill explicitly discloses that one of the objectives of the invention is to provide a securities trading system which includes an Interactive Open Order Book capable of allowing subscribers via the Internet to aggregate, manipulate, display and interact with the buy and sell order data (Page 1, paragraph 0007). This broad objective is meant to achieve the goal of providing both the seller and buyer of a security with optimum price discovery that would be beneficial to both sides. Magill also discloses that the price discovery of buy and sell orders is dynamic, relative to the bids and offers of the subscribers (page 4, paragraph 0062). With these two things in mind, it would have been an objective of Magill to account for all possible scenarios where both parties

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could potentially benefit by using the system. A subscriber would therefore be motivated to use the method of Magill to seek a better deal on the transaction.

**Re Claim 7:** Claim 7 is similar in scope to claim 6 regarding the prior art and particularly the rationale and would therefore be rejected along the same lines with the same motivation.

**Re Claim 9:** Magill discloses the claimed method supra and while not explicitly disclosing the step of selecting said buy order ahead of a second buy order having a second buy order price equal to said buy order price of said buy order wherein said second buy order is a proprietary order, this step would have been obvious to someone skilled in the ordinary art at the time of invention. As admitted by the applicant in page 3 of the disclosure, a financial institution is obligated to seek the best execution for a particular customer order. If the customers orders are sacrificed for the proprietary orders, the institution will not be seeking the best execution for the customer but rather for itself and would therefore be in violation of this business principle and would risk losing future business from customers.

Claims 12-36 are rejected under 35 U.S.C. 103(a) as being unpatentable over Magill in view of Lupien et al (hereinafter Lupien, US Pat 5,689,652).

**Re Claim 12:** Magill fully discloses the claimed method 1 as previously shown, but does not explicitly disclose a crossing network for matching said buy order and said sell order, said crossing network receiving a plurality of pass-through orders and a plurality of passive orders.



Lupien discloses a crossing network that matches buy and sell orders based upon a satisfaction and quality profile (see abstract). Lupien further discloses that typically the matching process is anonymous (passive), however the buy and sell orders are not required to be confidential (pass through).

It would have been obvious to someone skilled in the ordinary art at the time of invention to include the teachings of Lupien to the disclosure of Magill, so that there is an efficient system in place to both record buy and sell orders in a database, compare said buy and sell orders and match orders appropriately.

**Re Claim 13:** Magill in view of Lupien discloses the claimed method supra and Lupien further discloses the step wherein said buy order and said sell order are included in said plurality of pass-through orders (see abstract). Lupien states that typically the orders are anonymous, which leaves open the possibility for pass through orders.

**Re Claim 14:** Magill in view of Lupien discloses the claimed method supra and Lupien further discloses the step wherein said buy order and said sell order are included in said plurality of passive orders (see abstract). Lupien states that typically the orders are anonymous (passive).

**Re Claim 15:** Magill in view of Lupien discloses the claimed method supra and Lupien further discloses the step wherein one of said buy order and said sell order is included in said pass-through orders and one of said buy order and said sell order is included in said passive orders (see abstract). Lupien states that typically the orders are anonymous, which implies that they while the majority may be passive orders, the possibility for pass-through orders remains.

**Re Claim 16:** Magill in view of Lupien discloses the claimed method supra and Lupien further discloses the step wherein said passive orders are blind orders (see abstract). Lupien states that typically the orders are anonymous with regards to the matching system. For the orders to be truly anonymous, then no one should be allowed to view the orders submitted by the anonymous parties (blind order as defined by applicant).

**Re Claim 17:** Magill in view of Lupien discloses the claimed method 12 supra. Magill further discloses an order router in communication with an external destination (page 1, paragraph 0007; exchange). Magill does not explicitly disclose wherein said order router is in communication with said crossing network and said order router receives at least a portion of said pass-through orders from said crossing network and forwards said at least a portion of said pass through orders to said at least one external order destination.

However, it has been established in the rejection of claim 12 that one would be motivated to use a crossing network as taught by Lupien in connection with the system of Magill in order to more fully and efficiently process buy and sell orders. The system of Magill has the ability to communicate and route orders with external exchanges so it would thus also be obvious, along those same lines that the crossing network would be in communication with the order router to the external exchanges. In this way, if a buy or sell order cannot be matched, via the crossing network, with others from the order book, said orders can be forwarded to external exchanges to complete the transactions. One would again be motivated to do this to add further liquidity to the system and allow

for orders to be processed even if an initial match does not occur. It would also follow then that at least some of the pass-through orders and some of the passive orders not processed by the crossing network would be forwarded to the router to be sent to the external exchanges.

**Re Claim 18:** Magill in view of Lupien discloses the claimed method supra and while the references do not explicitly disclose the step wherein said at least a portion of said pass through orders that have not been matched by said crossing network, this would be obvious because the first priority of both the Magill and the Lupien systems is to match the orders with other orders entered into the system. Communication with external exchanges would only occur if the order could not be matched on the crossing network. An order that could be matched on the crossing network would not be forwarded to another destination because the crossing network can provide the best value for the participant via price discovery with other participants of the crossing network.

**Re Claim 19:** Magill in view of Lupien disclose the claimed method supra and while the references do not explicitly disclose the step wherein a portion of said pass-through orders are forwarded to at least one external destination after a time delay, this would have been obvious to someone skilled in the ordinary art at the time of invention because the first priority of both the Magill and Lupien systems is to match the orders with other orders entered in the system. Communication with external exchanges would only occur if the order could not be matched on the crossing network. An order that could be matched on the crossing network would not be forwarded to another

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destination because the crossing network can provide the best value for the participant via price discovery with other participants of the crossing network. A time delay would be necessary to give the crossing network an opportunity to match the order, as well as wait for potential counter offers to be sent to the network.

**Re Claim 20:** Magill in view of Lupien discloses the claimed method supra and Magill further discloses wherein the step of identifying an NBBO range includes the step of receiving an updated NBBO (Page 4, paragraph 0062). Magill notes that the midpoint number changes in direct relationship to changes in the NBBO, which implies that changes in the NBBO are received on a continuous basis.

**Re Claim 21:** Further system claims would have been necessary to perform previously rejected method claims 12 and 17 and therefore are rejected using the same art and rationale.

**Re Claims 22-24:** Further system claims would have been necessary to perform previously rejected method claims 16, 18 and 19 respectively and are therefore rejected using the same art and rationale.

**Re Claims 25-36:** Further system claims would have been necessary to perform previously rejected method claims 1-11 and 20 respectively and are therefore rejected using the same art and rationale.

### ***Conclusion***


Any inquiry concerning this communication or earlier communications from the examiner should be directed to Timothy M. Harbeck whose telephone number is 571-272-8123. The examiner can normally be reached on M-F 8:30-5:00.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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